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THE PERSIAN GULF

I. Iran's acceptance of UN Resolution 598 is likely to bring the eight-year-old war with Iraq to an end.

A. Both sides seem willing to follow through on implementing the Resolution but there is certain to be hard bargaining over contentious issues.

B. The peacetime atmosphere between Iran and Iraq probably would be characterized by tensions and occasional low-level conflict.

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II. Iranian regime's about-face has intensified domestic factional conflicts

A. Islamic hardliners angry over negotiating with Iraq and if a settlement is reached probably will argue that Iran did not extract the best possible deal.

B. Expectations of a quick economic turnaround in Iran will go unmet.

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III. Peace could also be dangerous for Iraqi President Saddam Husayn.

A. Senior Iraqis may seek retribution against Saddam for starting the war, now that there is less need to rally around a wartime leader.

B. Friction with Egypt may increase as Iraq seeks leadership in the Arab world. Increased Iraqi hostility toward Syria is likely, as Saddam seeks retribution for Damascus' backing of Tehran.

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IV. Postwar environment will offer US new economic and political opportunities, with some drawbacks.

A. Iran and Iraq will seek foreign aid for reconstruction, offering opportunities for US businesses, although probably fewer than for West European and Asian companies.

B. Arab Gulf states probably will see less need for increased security cooperation with the United States once peace is established.

--Neither superpower is likely to improve dramatically its regional position.

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Soviet
As usual

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THE ARAB-ISRAELI ARENA

I. Arab-Israeli conflict again the focal point of international attention assuming the Gulf War does not resume.

A. The peace process is stalled as hardliners on both sides are unwilling to make concessions that might trigger movement. Current complicating factors include:

- Jordan's disengagement from the West Bank*
- the Palestinian uprising in the occupied territories*
- upcoming elections in Israel and the US*

B. Arab leaders will pay more attention to Arab-Israeli issues over the next few years.

II. Lebanon a likely flashpoint for Arab-Israeli conflict

A. Israeli, Palestinian, and Syrian interests collide in Lebanon.

III. If another war breaks out, Israel will face strengthened and less preoccupied Arab forces.

A. Future Arab-Israeli conflict might see the use of large scale aerial bombing, surface-to-surface missiles, and chemical or biological weapons against civilian population centers.

B. Iran-Iraq war undoubtedly instructive to regional military planners.

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